

ENERGY EFFICIENCY AND RESOURCES MANGEMENT COUNCIL

Minutes-June 13, 2013

Conference Room 300, Third Floor, DEM

Call to Order: Chairman Ryan called the meeting to order at 3:35 PM.

Members Present: Paul Ryan, Joe Newsome, Joe Cirillo, Abigail Anthony, Marsha Garcia, Dan Justynski, Jennifer Hutchinson, Michael McAteer, and Marion Gold

Staff Present: Charles Hawkins, Chris Kearns, George Sfinarolakis, Rachel Sholly and Danny Musher

Consultants: Mike Guerard, Sam Huntington and Sean Bleything

Others Present: Rachel Henschel, Jeremy Newberger, and Puja Vohra

Acceptance of Minutes: Joe Cirillo made a motion to approve the May minutes. It was seconded by Abigail A. and passed unanimously.

Executive Director's Report

Legislative Update-OER's Chris Kearns was introduced to give this

presentation. The Property Accessed Clean Energy (PACE) bill passed the Senate 36-0 and is now headed over to the House Finance Committee. Rep. Handy is working to get it out of Committee for a floor vote.

The Streetlight legislation looked likely to pass early in the session but has now run into opposition from the NGrid union who installs the lighting. The Washington County Regional Planning Council's Jeff Broadhead met with the union to see if a compromise could be reached but it is still stalled. Jeremy N. said that NGrid was working independently on a tariff change and Abigail A. said this initiative, which will allow for the installation of high EE lighting, should be a Council priority. She was also wanted to know why the union opposed it. Chris K. said there were safety issues but the union did not testify during the committee hearings. Abigail A. asked if the tariff had been filed in a rate case. Jeremy N. said it was a separate filing. She would also like to include this initiative in the NGrid's 2014 EEPP marketing efforts.

Marion G. asked about the legislation that would expand the membership of the EERMC. That bill is up for a House Environment Committee vote this afternoon and should be passed out for a floor vote. Chris K. said if it should pass it would add a voting municipal member and an ex-officio member from the Department of Labor & Training. In other Council business; Marsha Garcia was approved by the Senate as the new residential member; Joe C. was renominated to

his post; and Julie Gill, Mike McAteer & Jennifer Hutchinson were Ok'd as ex-officio members.

In other OER news, Marion G. said that, due to time constraints, the Energy Expo, scheduled for early October, will need to be moved to next spring. OER is considering merging it with the Home Show, which is sponsored by the RI Builder's Association. She feels it could provide good synergy between home improvements and EE. They also have a large marketing budget and can help with the advertising. Abigail A. liked the idea but wondered, with the Council budget running from January-January, would we need to set aside the money now. Joe C. said that the George Whalen, who is Executive Director of the RI Contractors Board., is also president of the RI Builder's Association. His office is on the second floor of the DOA and he could be very helpful. OER has also been monitoring the Torey CHP docket which is scheduled for a June hearing.

OER has also been working with VEIC on the two separate \$30,000 contracts that are for consulting on the PACE initiative and the renewable energy (RE) and system reliability (SR) integration. The RE initiative, which OER is working with VEIC's George Hill, has already spend \$25,000 so OER is asking for Council permission to move \$20,000 from the PACE work to RE. Dan J. made a motion to adjust the funding allocation for the OER as requested by the Commissioner. It was seconded by Paul R. and passed unanimously.

Marion G. said the legislation dealing with more flexible use of RGGI administrative funding will help in the SR & RE effort by shifting \$850,000 in funding to this effort. Abigail A. suggested bringing the Council's SR sub-committee, consisting of Marion G., Chris P. and herself, into this process. Mike G. said that NGrid's Lindsey Perry will be holding a brainstorming session where this initiative will be discussed. Marion G. added that the Council needs to schedule a second joint meeting with the RE Coordinating Board. It would be good to have the SR & RE effort be the focus of that meeting.

Update on the RI State Energy Plan (RISEP)-The OER's Danny Musher was introduced to give this presentation. He began by going over the process and advisory structure of this effort which will be incorporated into the State Guide Plan (SGP). This plan informs the comprehensive plans of the state's municipalities. Element 781, which is the energy component of the SGP, was last updated in 2002. The OER is leading the development of Element 781 in concert with Statewide Planning (SWP). OER has been working on the RISEP for about six months and is supported by a twenty member advisory committee. Phase One, research & data collection, is about wrapped up and a scope of work (SOW) is being worked on with the assistance of Navigant Consulting and Environment Northeast (ENE).

The vision statement of the RISEP is to provide energy services across all three sectors (electric, thermal, transportation) using a

secure, cost-effective and sustainable energy system. This vision statement drives the directional objectives (DOs) of the RISEP. These are things everyone can agree on and that can be measured. Because we can't maximize every DO at once, any path taken will involve tradeoffs. The three ways to measure these DOs are: historic baseline –which is how well we have met our criteria in the past; business as usual (BAU)-which is how well we are poised to meet our criteria going forward; and scenario modeling-how can we do a better job of meeting our criteria going forward by exploring energy alternative futures.

Historical baseline shows a similar amount of spending for all three sectors. The BAU data was accumulated by ENE. The RISEP team is now working on scenario modeling with Navigant Consulting. They will look at three different scenarios. Each scenario includes different weights for each DO to see if we have alternatives. The meat of the scenarios are the various targets for each sector, such as developing offshore wind resources for the electric sector.

There are three scenarios, each of which get at a DO. Scenario One prioritizes energy security through fuel diversification and grid modernization. Scenario Two prioritizes sustainability through the widespread deployment of RE, deep EE gains and vehicle electrification. Scenario Three prioritizes cost effectiveness (CE) and economic development while hitting key targets for greenhouse gas (GHG) reduction.

Joe N. asked about the 2002 energy plan and how it stacks up to the reality of the last few years. Danny M. said it was light on quantitative analysis and its goals were not really framed as goals. It was also a plan that was developed before Least Cost Procurement (LCP), the Renewable Energy Standard (RES) and distributed generation (DG) long term contracting. Marion G. added that the EE side of the house has a very detailed game plan, articulated by LCP, but there is not a similar roadmap for any other part of the energy system like RE. She said the RISEP will be good because of the process it goes through and because it will help develop a road map for the integration of RE & EE.

Dan J. asked if the goals in Scenario 2 dealing with RE are aspirational or are they legislatively driven. He feels the numbers, 50% RE by 2023, are rather high, is he missing something. Danny M. said that low moderate, and high targets were set for each scenario, the scenario modeling will sum up all of these incremental changes. Dan J. feels it is a conflict with LCP. If it is not CE how do you force it on the state's ratepayers. You can set aspirational goals but the reality of things like scale gas may do things in a much more CE manner. Danny M. said it was a good point and the scenario modeling will reflect the reality of things.

Update on the RI Public Energy Partnership-RIPEP-Rachel Sholly was introduced to give this presentation. The goal of this initiative is to

make it easier for the public sector to save money on energy. Currently the RIPEP team is baselining the energy usage of the state and its municipalities. This effort is being spearheaded by the OER's George Sfinarolakis. The next objective is to help over 100 public facilities install EE measures. The goal is 20% energy reduction. The mechanism for achieving these goals is NGrid's EE programs and they have assigned Mike Skinner as their public sector liaison. The third component is identifying and eliminating barriers to EE. It is being funded by a \$700,000 USDOE competitive grant, a \$500,000 match from NGrid, and finally \$1.3 M in RGGI funding n for on-bill repayment and negotiated incentives. The targeted sectors are water supply facilities, state & municipal facilities and schools. Partnering with OER are: NGrid, the URI Outreach Center, the EERMC & the C-Team, and the Narragansett Bay Commission.

There will be a “kick-off” meeting in July at Davies Vocational Tech which will be the showcase school. NGrid has provided the URI Energy Fellows with public facility data from approximately 3,000 buildings. They are currently entering that data in the EPA's Portfolio Manager. URI has experience in this type of work through the EPA's Showcase Communities grant. URI has completed a rough benchmarking of facilities with a goal of identifying the biggest opportunity for EE. Each sector has a working group that will meet quarterly. The first sector to meet will be water supply facilities. Round One buildings have been identified. Abigail A. asked who was now in charge of the URI Energy Fellows. It is Kristina DiSanto. Dan

J. asked if Portfolio Manager was capturing the data the towns have already brought together through their comprehensive plans. Rachel S. said they are definitely doing this, we don't want to redo work.

NGrid Commercial & Industrial EEPP Update

NGrid's Puja Vohra was introduced to give this presentation. Mike M. said that NGrid was looking at developing vertical markets in the manufacturing and industrial sector. In 2013 NGrid initiated an industrial pilot to provide technical assistance up to \$10,000 to go deeper in EE improvements. If interested, the customer can then have a detailed audit done with a deeper analysis and cost sharing. The hope is to grow this pilot into a full initiative. Six customers have signed on to this pilot. In 2012 NGrid, conducted 380 market potential studies for RI. These studies showed what areas need attention which include: rubber/plastics, chemicals, and fabricated metal. These areas will be included in the 2013 pilot.

At the beginning of 2013 NGrid, selected SAIC as the vendor for the industrial pilot. They are a scientific and technology applications company that works in national security, energy & environment, health and cyber-security. They have been honored by ACEE for exemplary industrial program implementation. NGrid will start with five customers for 2013 and look to grow from there. They were selected based on energy usage, past EEPP participation, and interest in future longer term participation. NGrid would like to have

one of the customers participate in the SAMP program.

Starting in March 2013, SAIC has been walking through facilities, talking to customers, and offering possible CE EE packages. They can also provide project and energy management support. Possible measures for assessment include: boilers, fans refrigeration, compressed air, chillers, boilers/steam and specific industrial processes. The goal is a 5% reduction in annual energy usage for all 5 customers. The timeline calls for assessing energy opportunities for the five customers during the first three quarters of 2013 and in the last quarter assess the progress of the pilot to determine if it can be rolled out into a dedicated industrial initiative or if the pilot needs to be extended to 2014. They hope to be able to provide a full data analysis to the EERMC.

Joe C. asked if the 5 customers were picked because they represent other industries and can the results be used by similar firms in that industry. Can this pilot be used as an example to other firms. Puja V. said the firms were selected for their potential of energy savings and represented the top three industrial types for EE opportunities. The hope is that peers will learn about this. Marion G. asked how the pilot relates to the CHP program. Do any of these firms have opportunity for CHP? Puja V. said that they would look at CHP opportunities and that SAIC has experience in this area.

Three Year Savings Targets Process/Timelines

Mike Guerard of VEIC was introduced to give this presentation. The Council's task in submitting 3-Year Savings targets provides key support to the achievement of LCP. When approved by the PUC, they provide NGrid & the EERMC with the direction needed to develop the 3-Year EEPP which will be filed on September 1, 2014. The C-Team will do the research and make recommendations to the Council. The Council will review these suggestions and together with the C-Team and stakeholders prepare a PUC filing which Dan Prentiss submits. What is critical to support this process is a sub-committee of the EERMC to provide direct feedback during this tight timetable which ends with a September 2nd filing. There will be three DSM Collaborative meetings and two EERMC meetings to gather feedback on the various drafts before the filing.

The Avoided Energy Supply Cost Study (AESC) is critical to the development of these targets and VEIC's Sam Huntington has been plugged into this process. This afternoon, VEIC participated in the first Bill Impact Working Group meeting. The key question is what has changed since the targets were last developed in 2010. The three key tasks that will be undertaken to achieve this are: review of the 2010 KEMA Opportunity Report; review of other recent potential studies; and review the savings targets in other New England states. VEIC did a similar EE potential study for Massachusetts last year. Part of the exercise in task one is to update the KEMA report to include things that were not include like CHP. However, the avoided

supply costs are expected to decrease. Among other studies to be considered is the 2013 AESC. Mike G. said that Synapse will present on the Bill Impact Study at the next Council meeting. The big story in the 2013 AESC is low gas prices.

Jeremy N. was then introduced to give an update on the AESC. The draft of this report was issued on Monday. It has been shown to the fifty person study group to provide feedback. Synapse is then looking for comments to come back by June 24th . They will then finalize the report. Jeremy N. does not expect significant changes. The cost of natural gas is the biggest driver of electric and gas avoided cost. Small adjustments to the avoided cost have been made due to the cost of compliance with fracking regulations and the possible increased cost of natural gas production. The result is that the 2013 AESC showed a 12.9% decrease in avoided electric cost from the 2011 AESC. The avoided gas cost, broken out by end users, shows a 16.67% decrease.

The AESC is important because it impacts CE. A key takeaway message from the AESC is that on a program level, benefits will suffer across the board. However, most NGrid programs are CE enough to not warrant redesign. Sam H. then showed a slide that shows the impact that lower avoided cost could have on some programs. The only program that may need redesign is the multifamily. Abigail A. said that comparing the TRC from year to year shows it going down-does it mean we may run out of CE potential.

She feels that what this data is showing is that it is not as simple as that. There are multiply factors that drive the TRC. Jeremy N. said that things that were CE when KEMA did the study in 2010 are not CE today. The potential factor from 2010 is now lower. It may be an opportunity to look at the SR & EE standards to see what is driving CE.

Task three is to look at EE goals in a regional context. Massachusetts just did their

3-Year savings goals and they start out at 2.5% in 2013 and it rises to 2.6% by 2015. Vermont's 3-year plan is a 6.6% aggregate. Connecticut is a little behind RI, and RI is a little behind Massachusetts, but they are all working to a savings goal of about 2.5%.

The next steps are for the C-Team to complete the first draft by July 9th and for the Council to appoint a Savings Target sub-committee. The sub-committee will participate in bi-weekly conference calls and work closely with the DSM Collaborative to prepare for an August 8th vote. They will also be the lead on the letter to the PUC. The OER can provide support in coordinating the sub-committee meetings. Rachel S. will take the lead on this. Discussion then ensued about the composition of the sub-committee. Paul R. said the sub-committee can include non-voting members. It will consist of Abigail A., Dan J., Mike M., Marsha G. and Rachel S.

Public Comment

Jeremy N. has a request of the council to move the October meeting from the first Thursday to the third Thursday (October 17th). This is to allow NGrid more time to prepare the 2014 EEPP for the October vote. It was agreed that OER will send out an e-mail to members polling them on their availability on October 17th before the next meeting

Paul Ryan made a motion to adjourn. It was seconded by Abigail A. and passed unanimously. The meeting was adjourned at 5:30 PM.

Respectfully submitted

Charles Hawkins

Secretary Pro-tempore